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No. 93-1568

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IN THE

Supreme Court of the United States

October Term, 1993

SILSTAR CORPORATION OF AMERICA, INC.,
Petitioner,

vs.

SHAKESPEARE COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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DISCLOSURE OF CORPORATE AFFILIATIONS PURSUANT TO RULE 29.1

Respondent, Shakespeare Company, is a wholly owned subsidiary of Anthony Industries, Inc. Shakespeare does not have any subsidiaries.

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STATEMENT OF THE CASE

This case pertains to Shakespeare's "clear tip" configuration trademark which is the subject of United States Trademark Registration No. 1,261,784. Shakespeare is the foremost manufacturer of fishing rods in the United States. For the past 10 years the most popular and profitable fishing rods that Shakespeare sells have been the fishing rods sold under the trademark UGLY STIK, the majority of which rods embody the "clear tip" configuration trademark.

Shakespeare has used its "clear tip" configuration mark since 1976, and has spent millions of dollars advertising the mark and the rods which embody it. The mark has appeared, from time to time, in over 50 different sports publications, and was seen by more than 110 million viewers each time it was aired in a television commercial. As a result of Shakespeare's advertising and marketing efforts, consumer acceptance of the rods bearing the "clear tip" configuration has been overwhelming. Over 80 million dollars worth of UGLY STIK rods bearing the "clear tip" configuration were sold between the years of 1981 and 1990.

Shakespeare, an innovator in the fishing tackle industry, has acquired several patents on various aspects of, or processes directed to, its fishing tackle. The patents relating in any way to fishing rods were introduced into evidence at the district court proceedings in this case, and the breadth of the patents was fully presented by Shakespeare to the Fourth Circuit Court of Appeals. Shakespeare's "clear tip" configuration was *not* and is *not* taught or claimed by any patent; nor do any of the patents teach or claim a rod possessing more than one color. Silstar continues to ignore these facts, while

advancing its case on the false assertions contained in its Statement of the Case (¶1, 2) that Shakespeare's "clear tip" configuration is the result of a patented process.

The method of manufacturing the rods which bear the "clear tip" configuration was also presented by Shakespeare to the Fourth Circuit. The process is the result of Shakespeare's purposeful alterations to a previously existing public domain method of manufacturing fishing rods. Shakespeare takes additional steps to modify this method by adding dual color capability. It also takes the additional steps of pigmenting or clarifying the resins applied to the fibers to create the unique appearance of its "clear tip" configuration.

Shakespeare began using its "clear tip" configuration in 1976, and was the first to use its color configuration mark as an indicator of source. In 1983, Shakespeare obtained United States Trademark Registration No. 1,261,784, now incontestable, on the Principle Register directed to its "clear tip" configuration. The mark was registered under Section 2(f) of the Trademark Act (15 U.S.C. §1052) on the basis of acquired distinctiveness as a result of substantial advertising, sales, and consumer recognition. Shakespeare's mark, a color configuration mark consisting of the combination of shape and color, comprises the tip portion of the shaft consisting of a whitish, translucent material in contrast to the darker, opaque remainder of the shaft. Shakespeare's registration for the mark was obtained only after Shakespeare was able to overcome the *ornamental* rejection entered by the United States Patent and Trademark Office (PTO) during the prosecution phase of the application. *Shakespeare did not encounter a functional or descriptive rejection.*

In July of 1990, Silstar, a subsidiary of a Korean company operating under the name Silver Star, began selling its POWER TIP CRYSTAL rods. Silstar, being comprised in part of a number of former key employees of Shakespeare, knew that Shakespeare considered its "clear tip" configuration to be proprietary to Shakespeare, and also knew that the rods embodying the mark was Shakespeare's dominant product.

Shakespeare initiated this action for trademark infringement and unfair competition in the United States District Court for the District of South Carolina, Columbia Division on July 23, 1990. The subsequent history of this case is set forth in the "Opinions Below" section of Silstar's Petition.

SUMMARY OF ARGUMENT FOR DENIAL

1. Petitioner's questions, which are predicated upon Silstar's erroneous assertion that the Fourth Circuit Court of Appeals found Shakespeare's mark to be functional, are hypothetical because there is no foundation for them in the Fourth Circuit's opinion. The Fourth Circuit did not substantively address the issue of functionality at all. It held that the district court erred in cancelling Shakespeare's mark on the basis of functionality because functionality is not a cognizable basis for cancellation under 15 U.S.C. §1064; and because Silstar had not alleged any allowable basis for cancellation under 15 U.S.C. §1064, the Fourth Circuit further held Shakespeare's mark to be valid as a matter of law. Implicit in the Fourth Circuit's holding is that the district court should never have addressed the issue of functionality in the first instance.

2. The Fourth Circuit adopted the rationale of this Court's holding in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985), which held that an incontestable mark could not be challenged on the basis of descriptiveness because it was not one of the grounds enumerated under 15 U.S.C. §§1115 and 1065. The Fourth Circuit, recognizing that *Park 'N Fly* precludes a collateral attack on an incontestable mark, reasoned that the power of a district court to cancel an incontestably registered mark under 15 U.S.C. §1119 must be limited to the specific grounds set forth in 15 U.S.C. §1064 which do not include functionality.

3. Contrary to Petitioner's assertions, Shakespeare's "clear tip" configuration is not taught or claimed by any patent, nor is it the natural appearance produced by, or the inherent result of, Shakespeare's manufacturing process. The mark, in fact, is the result of Shakespeare's conscious efforts to create the unique appearance which serves as its trademark. Therefore, Shakespeare violated no duty to the PTO in failing to disclose that the mark is allegedly "functional" as Silstar suggests.

4. Petitioner has failed to apprise this Court of the relevant and significant body of trademark law which has long afforded trademark protection to color configuration marks such as Shakespeare's mark.

ARGUMENT

I. Petitioner's Questions For Review Are Merely Hypothetical In View Of The Fourth Circuit's Holding.

Silstar asserts that the Fourth Circuit has decided an important question of federal law which has not been, but should be, settled by this Court; or that the Fourth Circuit has decided a federal question in a way that conflicts with applicable decisions of this Court pursuant to Sup. Ct. R. 10. In view of the Fourth Circuit's actual holding, it is clear that what Silstar has done in formulating its questions is to attempt to elevate its mere dissatisfaction with the discrepancy between the decisions of the district court and Fourth Circuit to the level of an important federal question. Such should not and cannot provide the basis for review by this Court.

Petitioner states its Questions for Review as follows:

> Whether a trademark registered under the Lanham Act can provide a perpetual patent-like monopoly for a functional feature of a product in light of the constitutional limitation on such perpetual monopolies set forth in Article I, Section 8, clause 8 of the U.S. Constitution and in light of the entire history of trademark law to the contrary. (Petitioner's Question for Review 1)
>
> Whether 15 U.S.C. §1119 provides authority for a federal court to cancel a trademark on the grounds that it applies to a functional feature. (Petitioner's Question for Review 2)

With respect to Question 1, in general, this Court has previously acknowledged that functional features cannot form the basis for valid trademarks. *See Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938), *reh. denied*, 305 U.S. 674 (1938); *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753 (1992).

Fundamentally, Question 1 requires that a functional feature be involved, and necessarily implies that the Fourth Circuit found Shakespeare's mark to be functional. However, no such finding was made by the Fourth Circuit. As will be discussed in further detail later in this Brief, the Fourth Circuit did not substantively address the issue of functionality, but stated that the district court erred in cancelling Shakespeare's mark pursuant to 15 U.S.C. §1119 on the grounds that it was functional, because functionality is not an allowable basis for cancellation under 15 U.S.C. §1064. Implicit in the Fourth Circuit's holding is that the district court should never have substantively addressed functionality in the first instance. Silstar does not contest here the fact that the Fourth Circuit did not address the issue of functionality. Quite simply, Silstar's Question 1 is hypothetical because it is grounded in a nonexistent finding of functionality.

Question 2 similarly requires that a functional feature be involved and also necessarily implies a finding of functionality by the Fourth Circuit. However, this was not the holding of the Fourth Circuit. Accordingly, Silstar's Question 2 is hypothetical as well.

If Question 2 is considered at all, it must be read in view of the Fourth Circuit's specific holding, *i.e.*, that cancellation under 15 U.S.C. §1119 is limited by the constraints of 15 U.S.C. §1064 which does not provide for cancellation of a mark that has been registered for five years on the basis of functionality. In so holding, the Fourth Circuit merely adopted the rationale set forth in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985).

Implicit in this Court's discussion of 15 U.S.C. §1119 in *Park 'N Fly* is the acknowledgement that district courts have concurrent power with the Trademark Trial and Appeal Board (TTAB) to cancel marks. *Id.* at 203. This would necessarily involve cancellation of marks on the basis of functionality *in some instances* such as where the mark had existed on the Trademark Register for *less than five years.* However, this Court also recognized when discussing 15 U.S.C. §1064, that "*a mark that has been registered five years is protected from cancellation except on the grounds stated in §§14(c) and (e) [15 U.S.C. §1064]*". *Id.* at 197. Furthermore, this Court went on to state, "Similarly, the power of the courts to cancel registrations, 'and to otherwise rectify the register', §37, 15 U.S.C. §1119, must be subject to the specific provisions concerning incontestability." *Id.* at 203. The practical effect of this is to preclude a collateral attack on an incontestable mark. Applying this reasoning to the present case would limit the exercise of jurisdiction under 15 U.S.C. §1119 to the constraints enumerated in 15 U.S.C. §1064. *Indeed, this was the precise holding of the Fourth Circuit* in stating, "We hold that Congress adopted 15 U.S.C. §1119 to give the district court power concurrent with, but not in excess of, the [TTAB] and that the district court is also limited by the language of the statutes controlling the [TTAB]." (Petitioner's App. 1) (hereinafter Pet. App. ____)

Silstar suggests in its errant cite to *Park 'N Fly, id.* at 203, fn.7, that this Court took "pains" to point out that it did not address equitable considerations that might otherwise affect the enforceability of a mark covered by an incontestable registration, suggesting perhaps that this would be appropriate here. What this Court actually said about equitable considerations when

discussing 15 U.S.C. §1116 (which the dissent in that case argued gave the court a basis in equity to invalidate the mark at issue) is as follows:

> Whatever the precise boundaries of the court's equitable power, we do not believe that it encompasses a substantive challenge to the validity of an incontestable mark on the grounds that it lacks secondary meaning. To conclude otherwise would expand the meaning of "equity" to the point of vitiating the more specific provisions of the Lanham Act. *Id.* at 203.

In footnote 7 of *Park 'N Fly,* this Court was referring to the fact that it need not address whether traditional equitable defenses such as estoppel or laches are available in an action to enforce an incontestable mark—issues which are not applicable to this case. (Subsequent to this Court's decision in *Park 'N Fly,* 15 U.S.C. §1115 was amended to include such traditional equitable defenses at 15 U.S.C. §1115(8).) Silstar's suggestion that its substantive attack on Shakespeare's mark is somehow encompassed by traditional equitable considerations is not well taken.

The inescapable conclusion in view of the Fourth Circuit's reliance on *Park 'N Fly,* is that the Fourth Circuit has decided the present case in the manner in which this Court would likely decide it if it were heard on the merits. Therefore, the questions presented are not of the type of important federal questions that this Court needs to address.

II. The Fourth Circuit Decision Followed The Rationale in *Park 'N Fly*.

A. Prior to *Park 'N Fly*.

Prior to *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985), some federal courts did not recognize the status conferred upon incontestable marks, and limited the full effect of incontestability by applying the "offensive-defensive" distinction which allowed a trademark owner to rely upon incontestability as a "defensive" shield against cancellation, but not "offensively" in litigation. As McCarthy points out in his treatise:

> This effectively meant that when a federal registrant holding an incontestable registration was a plaintiff in infringement litigation, the incontestability provisions of the statute had no meaning or effect. *See, e.g., Rand McNally & Co. v. Christmas Club*, 105 U.S.P.Q. 499 (Com'r. Pats. 1955), *aff'd, on other grounds*, 242 F.2d 776 (1957); *John Morrell & Co. v. Reliable Packing Co.*, 295 F.2d 314 (7th Cir. 1961); *Tillamook County Creamery Assoc. v. Tillamook Cheese & Dairy Assoc.*, 345 F.2d 158 (9th Cir. 1965), *cert. denied*, 382 U.S. 903 (1965); *Schwinn Bicycle Co. v. Murray Ohio Mfg. Co.*, 339 F. Supp. 973 (M.D. Tenn. 1971), *aff'd.*, 470 F.2d 975 (6th Cir. 1972) [allowing the collateral attack of an incontestable mark as a defense to infringement and cancelling the mark on the basis of functionality].
>
> *This type of limitation, largely came to an end* with the 1976 Seventh Circuit decision in the *Eveready* case. [*Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir. 1976), *cert. denied*, 429 U.S. 830 (1976)] In a clear and well-reasoned opinion by Judge Pell, the court surveyed the case law which had adopted the "offensive-defensive" limitation on incontestability and soundly rejected it: "There is no defensive/offensive distinction in the statute, and we

> do not believe one should be judicially engrafted on to it". (Emphasis added) 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §32.44[4], 3d Ed. (1994). *See Park 'N Fly* at 203-04.

As McCarthy further noted, the *Eveready* decision proved to be persuasive to other courts and was almost uniformly followed, with the exception of the Ninth Circuit which led to this Court's resolution of the issue in *Park 'N Fly*. *Id.*

In *Park 'N Fly*, this Court held that an incontestable mark could not be challenged on the basis of descriptiveness because it was not one of the grounds enumerated under 15 U.S.C. §§1115 and 1065. *Park 'N Fly* at 189. Logically, the decision can be read as precluding a collateral attack on an incontestably registered mark.

Respondent in *Park 'N Fly* argued, as Silstar does here, that enforcing the mark would conflict with the goals of the Lanham Act because the mark should never have been registered in the first instance. *Id.* at 198. This Court found that argument to be unpersuasive and commented as follows on the legislative intent in adopting the provisions of the Lanham Act:

> Representative Lanham's remarks, if read in context, clearly refer to the effect of the defenses enumerated under §§33(b) [15 U.S.C. §1115]. There is no question that the Lanham Act altered existing law concerning trademark rights in several respects . . . Similarly §14 [15 U.S.C. §1064] cuts off certain grounds for cancellation five years after registration and thereby modifies the previous rule that the validity of a trademark could be attacked at any time. (Citations omitted). Most significantly, Representative Lanham himself observed that incontestability was one of "the valuable new rights created by the act" 92 Cong. Rec. 7524 (1946). *Id.* at 199.

B. The Fourth Circuit analogized to *Park 'N Fly*.

On November 15, 1993, the Fourth Circuit rendered its Opinion: (1) holding that the district court erred in cancelling Shakespeare's mark pursuant to 15 U.S.C. §1119 on the grounds that it is functional, because functionality is not a proper ground for cancellation under 15 U.S.C. §1064; (2) holding that Shakespeare's mark is valid as a matter of law because no other ground enumerated under 15 U.S.C. §1064 was alleged by Silstar; and (3) reversing and remanding the case for further consideration of Shakespeare's statutory and common law infringement and unfair competition claims, with instruction to the district court to couple "any inquiry into an alleged 'fair use' of the clear tip" with an analysis of the likelihood of confusion among consumers that may be created by Silstar's use of the "clear tip". (Pet. App. 18)

Implicit in the Fourth Circuit's holding is the admonition that the district court should never have substantively addressed the issue of functionality in the first instance. Nowhere in the Fourth Circuit's decision is there a statement that Shakespeare's mark is functional. Moreover, to suggest that the Fourth Circuit held that a functional feature may be a valid trademark, and is, thus, in irreconcilable conflict with the history of trademark law, is absurd. The Fourth Circuit made no such holding. Yet, Silstar persists in advancing its blatant misrepresentation that this is what the Fourth Circuit held.

As support for this false assertion, Petitioner cites the *dissenting* opinion in the Fourth Circuit's decision at Pet. App. 19, 27-29. However, even the language in the dissent does not support Silstar's conclusion. As properly quoted, the dissent reads:

> The majority opinion would not *appear* to take issue with the conclusion that Shakespeare's mark is functional. Indeed, it *appears* to embrace it, concluding only that functionality is not a statutory ground for cancellation. (Emphasis added) (Pet. App. 35)

The dissent's statement is only a suggestion of what it perceived the majority concluded. However, the dissent, too, ignored the logic in the majority's holding that Shakespeare's mark is valid as a matter of law.

The Fourth Circuit's decision was rendered upon the narrow issue of: "whether a district court considering cancellation, pursuant to §37 of the Lanham Act (15 U.S.C. §1119 (1988)), of a trademark that has been registered more than five years, and is incontestable pursuant to 15 U.S.C. §1065 (1988), can order cancellation on the ground that the trademark is found to be functional, even though functionality is not one of the grounds set forth in 15 U.S.C. §1064". (Pet. App. 1, 6)

The Fourth Circuit first noted that if a party attacking the validity of a registration seeks cancellation through an administrative proceeding before the TTAB, it is explicitly limited by 15 U.S.C. §§1115 and 1064; further noting that an administrative attack on a registered trademark more than five years after the date of publication of its initial registration, regardless of whether it is incontestable, may only be brought on the grounds enumerated under 15 U.S.C. §1064. (Pet. App. 9-11) The Fourth Circuit observed that 15 U.S.C. §1064 has been described as a kind of statute of limitations for actions seeking cancellation of marks registered for more than five years. (Pet. App. 11)

The Fourth Circuit went on to compare the administrative cancellation proceeding before the TTAB to the action sought by Silstar in this case. Here, in a responsive pleading in the district court proceedings, Silstar sought relief under 15 U.S.C. §1119, which gives a district court the power to cancel registrations. (Pet. App. 11) Because 15 U.S.C. §1119 recites no grounds upon which a registration may be cancelled, the issue was raised as to whether the district court's authority under 15 U.S.C. §1119 is limited by the same constraints that limit the TTAB in an administrative cancellation proceeding. (Pet. App. 11)

The Fourth Circuit considered the issue in this case to be analogous to the central issue in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985). Pet. App. 12) The "quality" of the mark at issue in that case was mere descriptiveness (Pet. App. 15), whereas the "quality" at issue in this case is the alleged functionality of Shakespeare's mark. In a well-reasoned decision taking guidance from *Park 'N Fly*, the only case in which this Court has discussed 15 U.S.C. §1119, the Fourth Circuit decided that the district court was constrained by the provisions of 15 U.S.C. §1064. (Pet. App. 12, 18) Indeed, the present case is so analogous to *Park 'N Fly*, that the Fourth Circuit merely adopted its rationale.

The Fourth Circuit observed that in *Park 'N Fly*, this Court held that "a district court, entertaining an action for cancellation of a mark, is obliged to consider the limits of the Lanham Act" (Pet. App. 14), further citing from the case as follows:

> [T]he power of the courts to cancel registrations and "to otherwise rectify the register," §37, 15 U.S.C. §1119, must be subject to the specific provisions concerning incontestability [15 U.S.C. §1115]. *Park 'N Fly*, 469 U.S. at 203. (Pet. App. 14)

The Fourth Circuit went on to reason that "[i]f the power of a district court under §1119 is implicitly constrained by the specific provisions of one subsection of the Lanham Act, §1115(b), [as was held in *Park 'N Fly*] it is reasonable to conclude that it is limited by another related subsection, §1064". (Pet. App. 14) The Fourth Circuit was "persuaded that the rationale enunciated by Justice O'Connor in *Park 'N Fly* would apply so as to limit cancellation under §1119 to the grounds set forth in §1064". (Pet. App. 14)

The Fourth Circuit specifically noted this Court's observation in *Park 'N Fly*—that the clear language contained in 15 U.S.C. §1064 limits cancellation of a registration more than five years old, *id.* at 197, and concluded that this would be cancellation pursuant to 15 U.S.C. §1119 *because the Park 'N Fly inquiry was rooted in that context, i.e.,* whether cancellation under 15 U.S.C. §1119 was limited by the constraints of 15 U.S.C. §1115 (incontestability). (Pet. App. 14) Because functionality is not one of the enumerated grounds under 15 U.S.C. §1064, the Fourth Circuit reasoned that it could not be used as a basis for cancellation of a registration more than five years old. (Pet. App. 14)

Specifically, the Fourth Circuit stated:

> We have considered the possibility that functionality invalidates a trademark at any stage of the process, and that registration offers no protection to an invalid mark that should never have been registered in the first place. This is the position taken by Justice Stevens in his dissent in *Park 'N Fly*, 469 U.S. at 206. Justice Stevens argued that mere descriptiveness, the quality at issue in that case, invalidated the registration, 469 U.S. at 206-07, and that incontestability could not be used as a shield behind which an invalid mark could hide. 469 U.S. at 211. *We find these arguments unpersuasive.* (Emphasis added) (Pet. App. 15)

Concerning the validity of the mark at issue in *Park 'N Fly*, this Court stated:

> Unlike the dissent, we decline to determine in the first instance whether the mark improperly issued. Our holding is not affected by the possibility that the mark was or has become merely descriptive. *Id.* at 198-99, fn.5.

Reasoning as this Court did in *Park 'N Fly*, the Fourth Circuit went on to state:

> Perhaps the provisions of the Lanham Act apply only to valid trademarks, and that a functional trademark is invalid, but it would seem anomalous for Congress to enumerate specific grounds for cancellation for a five-year old registration, as it has done in §1064, and not list functionality, if it intended functionality to serve as such a ground. As Justice O'Connor stated, "[o]ur responsibility . . . is not to evaluate the wisdom of the legislative determinations reflected in the statute, but instead to construe and apply the provisions that Congress enacted. 469 U.S. at 203. (Pet. App. 15)

After citing a number of federal court decisions, including one of its own, and highlighting a number of commentators as support for its holding, the Fourth Circuit held that the district court erred in cancelling Shakespeare's mark pursuant to 15 U.S.C. §1119 on the grounds that the mark is functional because functionality is not grounds for cancellation under 15 U.S.C. §1064. (Pet. App. 15-18) The Fourth Circuit went on to hold Shakespeare's mark valid as a matter of law because no other permissible ground for cancellation under 15 U.S.C. §1064 was alleged by Silstar. (Pet. App. 18) There was no finding that Shakespeare's mark is functional. Indeed, the Fourth Circuit purposefully did not address the issue of functionality. Implicit in the Fourth Circuit's decision is that the district court should never have substantively addressed the issue of functionality in the first instance.

C. The Fourth Circuit readily recognized, as in *Park 'N Fly*, that registration is not automatic.

Silstar attempts to distinguish *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985), which dealt with the issue of descriptiveness, from the present case where it alleges the functionality of Shakespeare's mark on the basis that *Park 'N Fly* did not deal with a constitutional issue. Although a constitutional issue does not present itself in this case, the underlying public policy considerations discussed in *Park 'N Fly*, having to do with why a trademark owner should enjoy quiet title to its mark after a certain point in time, are equally applicable in the present case and obviously impacted the Fourth Circuit's decision.

The mark at issue in the *Park 'N Fly* case, PARK 'N' FLY, was initially rejected by the PTO as being merely descriptive. *Id.* at 198-99, fn.5. Although uncertain from the reported decision, upon filing a request for reconsideration, the mark was permitted to register either because the merely descriptive rejection was withdrawn, or because secondary meaning, *i.e.*, consumer recognition, had been established in the mark. *Id.* Shakespeare's "clear tip" configuration mark presents a similarly compelling example of a *bona fide* mark.

Shakespeare's application to register its mark was thoroughly considered by the PTO which is keenly aware of the doctrine of functionality and its underlying policy considerations. Indeed, the PTO has some very explicit guidelines concerning functionality. TMEP §1202.03(f)(i). Shakespeare's application passed the rigors of this examination, and its mark was initially held to be *ornamental* by the PTO under TMEP §1202.04 *et seq.*—*not* functional.

Shakespeare violated no duty to the PTO in submitting its application to register its mark as Silstar suggests, because Shakespeare's mark is neither claimed

nor taught in any patent, nor is it the natural appearance produced by, or the inherent result of, Shakespeare's manufacturing process. Even the PTO's initial position relative to the application in finding the mark to be ornamental—and not functional—is illustrative of this point.

Although Silstar would have this Court believe that the PTO is much less than thorough during the trademark registration process, as this Court recognized in the *Park 'N Fly* case:

> Respondent argues that the decision by the Court of Appeals should be upheld because trademark registrations are issued by the Patent Office after an *ex parte* proceeding and generally without inquiry into the merits of an application. *This argument unravels upon close examination. The facts of this case belie the suggestion that registration is virtually automatic.* The Patent Office initially denied petitioner's application because the examiner considered the mark to be merely descriptive. Petitioner sought reconsideration and successfully persuaded the Patent Office that its mark was registrable. (Emphasis added) *Id.* at 202.

Similarly, in this case, after receiving an ornamental rejection, Shakespeare successfully proved that its "clear tip" configuration was worthy of registration on the basis of acquired distinctiveness under Section 2(f) of the Trademark Act (15 U.S.C. §1052) as demonstrated by substantial sales, advertising and consumer recognition of the mark.

The United States Trademark Laws include a system of checks and balances which preclude the registration, and subsequent existence, of improper marks. This Court recognized these "backup" procedures to the *ex parte* registration process in the PTO when it stated:

> More generally, respondent is simply wrong to suggest that third parties do not have an opportunity to challenge applications for trademark registrations . . . within 30 days of publication, any person who believes that he would be damaged by registration of the mark may file an opposition, §13, 15 U.S.C. §1063 . . . within five years of registration any person who believes that he is or will be damaged by registration may seek to cancel a mark. §14(a), 15 U.S.C. §1064(a) . . . *Id.* at 202.

Once a mark has been examined initially, it is published for opposition purposes, and anyone believing they will be harmed by the registration of the mark can oppose the registration. Silstar did not oppose Shakespeare's mark; and during the next five year period before Shakespeare's mark became incontestable, Silstar did not petition to cancel Shakespeare's mark, even though Silstar had express notice of the registration since the parties were involved in a separate lawsuit concerning the mark in 1988 when the mark had not yet achieved incontestable status.

Not only did Silstar have express notice of Shakespeare's mark, Silstar's now Managing Director, who was employed by Shakespeare as Vice President during the prosecution phase of Shakespeare's mark, actually assisted in obtaining the registration of the mark by signing an oath before the PTO which stated that (1) Shakespeare owned the "clear tip" configuration; (2) no other person, firm, corporation or association had the right to use said mark in commerce, either in the identical form or in such near resemblance thereto as to be likely to cause confusion; and (3) the "clear tip" configuration had become distinctive of Shakespeare's goods. Presumably, the Fourth Circuit considered Silstar's assertions to the contrary regarding the above stated facts as not well taken.

III. Shakespeare's Mark Is Not Taught Or Claimed By Any Patent, Nor Is It The Natural Appearance Produced By, Or The Inherent Result Of, Shakespeare's Manufacturing Process.

Silstar asserts that Shakespeare's patents cover a process which results in the "clear tip" configuration, and that the "clear tip" configuration is the natural appearance produced by, or the inherent result of, Shakespeare's manufacturing process. These assertions, upon which Silstar bases its allegation that Shakespeare's mark is functional, are simply false.

Four patents were introduced into evidence in this case, namely, United States Patents No. 2,571,717 which expired in 1968; No. 2,726,185 which expired in 1972; No. 2,749,643 which expired in 1973; and No. 4,061,806 which will expire on December 6, 1994. At the appellate level, Shakespeare carefully demonstrated that none of its patents taught or claimed the "clear tip" configuration. To this day, Silstar has never addressed the subject directly, nor has Silstar even suggested how the patents could possibly teach or claim the "clear tip" configuration. Instead, Silstar has made, and continues to make, false conclusory statements and attempts to lead this Court to believe otherwise.

More telling on this point is not only the testimony discussed at the appellate level of Silstar's own Managing Director, a former key employee of Shakespeare, who stated that he was familiar with the '806 patent and that it did not call for color to be involved in the rod at all; but also the testimony of one of Silstar's own witnesses who stated that color, or the lack thereof, has nothing to do with how the rod functions. Indeed, it was noted that making the rod any other color would not affect how the rod functions; and

that other manufacturers are free to, and obviously do, manufacture fishing rods with tips which exhibit a variety of colors which are distinct from the "clear tip" configuration.

Finally, ample evidence was discussed at the appellate level establishing that Shakespeare takes multiple steps in its conscious alteration of an already existing public domain method of manufacture to produce the unique appearance of its "clear tip" configuration. It adds a dual color bath capability to the process—the Fourth Circuit having been apprised of the fact that the same process is capable of and does produce a rod that is a single color—medium tan—as evidenced by the UGLY STIK TIGER rod. Shakespeare selects the pigments, clarifying and curing agents that are mixed with the resins which are applied to the fiberglass strands which, in part, create the contrast between the whitish-translucent tip and the darker, opaque remainder of the shaft of the rod. Presumably, the Fourth Circuit recognized that to find Shakespeare's mark the inherent or natural result of its manufacturing process would be to render all color configuration marks, which are consciously configured to produce a unique appearance, the inherent or natural "result" of their respective manufacturing processes.

IV. Petitioner Has Failed To Apprise This Court Of The Fact That Trademark Law Has Long Afforded Protection To Nonfunctional Color Configuration Marks Such As Shakespeare's.

Nonfunctional color configuration marks such as Shakespeare's "clear tip" configuration, have been the subject of valid and enforceable trademarks for years, and for which the trademark law extends the same degree of protection as it would any wordmark or logo design. Quite simply, Silstar has failed to mention this relevant and significant body of trademark law to this Court.

Besides Shakespeare's mark, color applied to other products in a defined design have resulted in color configuration marks which are the subject of valid trademarks. The earliest of the following cases was decided in *1945*. For example, in *Artus Corp. v. Nordic Co. Inc.*, 512 F. Supp. 1184 (W.D.Pa. 1981), color coded shims which designated thickness were found not functional because thickness could be designated by any color (just as the solid fiberglass tips of fishing rods can be designated by any color). In *Brunswick-Balke-Collender Co. v. American Bowling & Billiard Corp.*, 150 F.2d 69 (2d Cir. 1945), *cert. denied*, 326 U.S. 757 (1945), the red crown on the neck of a bowling pin was recognized as a valid mark. The TTAB has also held that trademark rights exist in: a blue band around a drum of chemicals, *Ex Parte Nuodex Products Co.*, 107 U.S.P.Q. 300 (Com'r. Pats. 1955); a gold band around the end of a sewer pipe, *Youngstown Sheet & Tube Co. v. Tallman Conduit Co.*, 149 U.S.P.Q. 656 (T.T.A.B. 1966); and, a yellow band encircling a glass ampule, *In re Hodes-Lange Corp.*, 167 U.S.P.Q. 255 (T.T.A.B. 1970).

In general, the purpose of United States Trademark Law is to permit exclusivity in and to a mark so that it can serve as a single source identifier. This exclusivity prevents confusion of the public as to the source of origin of such goods, and the exclusive rights to a trademark may properly extend for so long as goods are sold under that mark. This is *not* equivalent to the type of illegal monopoly suggested by Silstar. Indeed, trademark rights are perpetual for so long as the mark is used.

Silstar's Petition suggests that the only protection which Shakespeare might hope to obtain in its color configuration mark would be by virtue of the patent laws. This is simply not the case. In this regard, Silstar's reliance on the *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), *reh. denied*, 376 U.S. 973 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), *reh. denied*, 377 U.S. 913 (1964); and the *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), cases is not only misleading in view of the recognized protection long afforded to color configuration marks, but misplaced because the cases have no relevance to the issues here.

The *Sears* and *Compco* cases, *supra*, held that a state's unfair competition law cannot, consistently with the federal patent laws, impose liability for or prohibit the copying of an article which is not protected by a federal patent or copyright, and others are, therefore, free to copy it. The states, however, could prescribe the labeling requirements. In the *Bonito Boats* case, *supra*, decided approximately twenty-five years after the *Sears* and *Compco* cases, *supra*, this Court narrowed those cases and reaffirmed the right of states to give unfair competition and trademark protection to trade dress.

However, the case also pointed out that in doing so, the states would have to be mindful of existing federal law which affords protection to nonfunctional configuration marks. As was stated by this Court in *Bonito Boats*:

> Congress has thus given federal recognition to many of the concerns which underlie the state tort of unfair competition and the application of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source *must take into account of competing federal policies in this regard.* (Emphasis added) *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 166 (1989).

Thus, the preemption rationale of the *Sears* and *Compco* cases has no relevance to the use of the Lanham Act §43(a), 15 U.S.C. §1125, as the vehicle to assert a federal claim for protection against product copying. Similarly, the Court of Customs and Patent Appeals and one district court have held that the *Sears* and *Compco* decisions do not impact on the federal registration of trademark rights in a product and container configuration mark, and a wordmark/color configuration combination mark, respectively. *In re Mogen David Wine Corp.*, 372 F.2d 539 (1967); *Accord: Pachmayr Gun Works, Inc. v. Olin Mathieson Chemical Corp. Winchester Western Div.*, 502 F.2d 802, 806 (9th Cir. 1974) (mark consisting of the words WHITE LINE and a "white line" extending around the periphery of the recoil pad). *See* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, §7.33, 3d Ed. (1994). Quite simply, the *Sears* and *Compco* decisions have no application to this case.

Additionally, Silstar's reliance on the *Sylvania Electric Products, Inc. v. Dura Electric Lamp Co.*, 247 F.2d 730 (3d Cir. 1957) case is also misplaced. The blue dot there asserted as a mark was contestable and

actually had a function. It was also the subject of an expired utility patent. It was made of a chemical that turned pink if the air-seal was defective and air leaked into the bulb rendering it unusable. Shakespeare has previously established that the color of its "clear tip" configuration has no function at all and is not taught or claimed by any patent.

Finally, Silstar's reliance on *Kohler Co. v. Moen, Inc.*, 12 F.3d 632 (7th Cir. 1993) is *totally* misplaced. The language Silstar points to is taken from the *dissent* in that case found on page 648. The case is actually illustrative of Shakespeare's position. Kohler filed an opposition before the TTAB against two applications filed by Moen to register its faucet design and faucet handle design. The TTAB dismissed the opposition and allowed the applications. Kohler sought review of the TTAB's decision which was affirmed by the Seventh Circuit Court of Appeals.

Silstar has not apprised this Court of the substantial and relevant case law which would assist this Court in its decision making process, nor has it cited any competent authority which would explain or justify its position. Instead, Silstar has presented this Court with a one-sided discussion of the law of functionality with asserted overtones of the alleged advancement of illegal monopoly, but these are simply not the issues in this case.

CONCLUSION

The Fourth Circuit Court of Appeals did not hold Shakespeare's mark to be functional. It did not subtantively address the issue of functionality at all. It held the mark to be valid as a matter of law because Silstar had not alleged any cognizable basis under 15 U.S.C. §1064 upon which the mark could be cancelled. Implicit in the Fourth Circuit's holding is that the district court should never have addressed the issue of functionality in the first instance. Petitioner does not allege any error or impropriety in the Fourth Circuit's expressly declining to address the issue of functionality, and the Fourth Circuit has already followed this Court's guidance in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985) on any remaining issues. Therefore, the questions raised in the Petition are hypothetical, and do not present this Court with any important federal questions which need to be, or can properly be addressed. Accordingly, the Petition should be denied.

Respectfully submitted,

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